



**Published by the U.S. DEPARTMENT OF COMMERCE,
International Trade Administration, Office of Aerospace**

EXPORT AEROSPACE NEWS

1st Quarter

January 2001

Ex-Im Bank Approves U.S. Loan for Russian IL-96T

IN THIS ISSUE:

U.S. Loan for IL-96T Aircraft 1

Czechs Approve Tariff Waivers 1

APLC at Australian Internat'l Airshow '01 2

Presidential Offsets Commission 2

Aerospace Industry Advises USG 2

New Aerospace Office Director 3

HELI-EXPO 2001 Returns To Anaheim 3

E. European Aviation Workshop 3

EquipAuto 2001 4

EU Hushkit Resolution 4

**For information
and industry
links, check
out the Office
of Aerospace
website at www.ita.doc.gov/aerospace**

On September 28, 2000, the Export-Import Bank approved a \$143 million loan in support of U.S. engines, avionics, parts, and equipment for Russian-designed and manufactured Ilyushin IL-96T cargo aircraft. This announcement marks a milestone in aviation history. Aeroflot will operate three aircraft which have been certified by the FAA. Each IL-96T aircraft will include four Pratt & Whitney engines and propulsion systems and one Rockwell Collins avionics package.

The U.S. Department of Commerce applauds the efforts by Pratt & Whitney, Rockwell Collins, and numerous other U.S. suppliers who have invested significant time and money and overcome many obstacles to bring the first U.S.-Russian large civil aircraft to market. At the opening of the Russian market, the Commerce Department's Office of Aerospace established the U.S.-Russia Business Development Committee Aerospace Subgroup to support and facilitate U.S.-Russian aerospace collaborations, and the IL-96T has been a cornerstone in that goal. The Commerce Department is pleased that this ambitious aerospace program has finally reached completion and hopes that it will inspire other U.S. companies to pursue opportunities in the Russian market. If your company is interested in exploring aerospace opportunities in Russia, contact Heather Pederson, Office of Aerospace, (202) 482-6234, "heather_pederson@ita.doc.gov."

Czechs Approve Tariff Waivers for U.S. Aircraft

The Office of Aerospace was a key player, along with U.S. government officials from the U.S. Department of State, the U.S. Trade Representative, and the U.S. Embassy in Prague, as well as industry representatives from Boeing, in a successful effort to resolve a significant civil aircraft bilateral trade issue between the United States and the Czech Republic. The team crafted and implemented a strategy to obtain the temporary tariff waiver with the Czech government for large civil aircraft, helicopters and certain spare parts. Announced on December 4, the one-year tariff waiver, effective January 1, 2001, temporarily eliminates this 4.8 percent tariff differential being levied specifically on U.S. aircraft. The Czech government resolution allows for annual renewal of the waiver, with review of the expected extension for next year beginning in the latter half of 2001. The Czech government also reconfirmed its intention to join the WTO Trade in Civil Aircraft Agreement as part of its next round of multilateral trade negotiations. Membership responsibilities under this agreement involve, among other things, binding tariffs on aircraft and parts to zero.



For the latest aerospace trade leads, policy news, and trade events, be sure to visit the Office of Aerospace website at

www.ita.doc.gov/aerospace

Our website is a great source for viewing trade agreements and statistics, or linking to industry publications,

APLC AT AUSTRALIAN INTERNATIONAL AIRSHOW

The Office of Aerospace will sponsor an Aerospace Products Literature Center (APLC) at the Australian International Airshow 2001, February 13-18, 2001. Commemorating both the centenary of the Australian Federation and the 80th anniversary of the Royal Australian Air Force, the show will be a hallmark Australian event of major national and international importance.

In a market experiencing consistent growth of 10 percent or more, the market for aero-

space products in Australia continues to provide opportunities for U.S. aerospace exporters. U.S. manufacturers enjoy a favorable position in the Australian aerospace market, providing the majority of aircraft, parts, avionics, and ground support equipment to that country.

Contact Mara Yachnin (202)482-6238; e-mail "mara_yachnin@ita.doc.gov" or Eric McDonald, (202)482-1237; e-mail "eric_madonald@ita.doc.gov" for more

PRESIDENTIAL OFFSETS COMMISSION CONVENES

The National Commission on the Use of Offsets in Defense Trade and the parallel President's Council on Offsets in Commercial Trade held their first meeting December 4, 2000, at the White House Conference Center. Congress established the commission to report on any adverse effects of "offsets," or conditions that foreign governments often require from companies seeking to sell them major defense or commercial systems. These conditions include requirements from a foreign country that the country's domestic industry participate in the production of the imported systems or that the country obtain

other economic benefits from the exporter. These may be directly related to the aerospace system being exported or involve unrelated compensation such as foreign investment or countertrade. Most offset agreements originate with the import of aerospace systems.

The commission is responsible for making recommendations on U.S. government policy that might lead to a reduction in offsets use. The Office of Aerospace participated in the commission's afternoon working session, also attended by representatives from industry, government, aca-

INDUSTRY ADVICE SOUGHT ON TRADE

The Commerce Department and other federal agencies work closely with the aerospace industry in identifying U.S. trade policy objectives and framing strategies to achieve them. A key part of this process is the Aerospace Equipment Industry Sector Advisory Committee. Composed of some 20 members representing U.S. aerospace companies and trade associations, the committee meets quarterly to advise the federal government of industry views on trade policy developments. Issues that the committee has addressed include bribery in international aerospace transactions, U.S.-Europe defense trade, U.S. export licensing requirements, regulatory impediments to trade and

expanding WTO membership. We encourage companies to participate on the committee. Applicants must be U.S. citizens sponsored by a company or organization in the aerospace industry active in international trade. We cannot approve membership for applicants representing non-U.S. companies or non-U.S. interests. Because the committee discusses sensitive issues, applicants must receive a security clearance. For further information on the Aerospace Equipment committee, contact Fred Elliott, Office of Aerospace, (202) 482-1233, or e-mail "fred_elliott@ita.doc.gov."

NEW DIRECTOR FOR AEROSPACE OFFICE

On November 20, 2000, the Office of Aerospace welcomed Audrey Smerkanich as its new director. Ms. Smerkanich was formerly with the FAA's Office of International Aviation where she served as principal contact for issues involving the European Union, Northern Europe, Japan, and Asia Pacific Economic Cooperation (APEC) programs. While there, she also served as the primary negotiator for the office on Global Positioning System agreements with Japan and the European Union. Before moving to the FAA, Ms.

Smerkanich was a team leader in the Office of Aerospace's Market Development Division and worked as an analyst in OA's Policy and Analysis Division. Prior to joining the Commerce Department, she was assistant to the chief economist at the American Apparel Manufacturers Association. Ms. Smerkanich received a fellowship to the George Washington University Elliott School of International Affairs where she received a Masters degree in International Economics and Business. She also earned a Bachelors degree in Economics and Political Science from Gettysburg College.



The Office of Aerospace has several APLCs and trade missions for 2001 in which U.S. aerospace companies are invited to participate: For information on these opportunities to introduce your company to new export markets, please contact our office at (202)482-1228.

HELI-EXPO 2001 RETURNS TO ANAHEIM

The Helicopter Association International (HAI) will bring HELI-EXPO 2001, the world's largest and most important helicopter trade show, to the Anaheim Convention Center on February 11-13, 2001. HELI-EXPO 2001 will bring more than 13,000 helicopter professionals, 450 display exhibits and 65 helicopters to the Convention Center. Here, helicopter professionals will explore ongoing issues affecting the vertical flight community, review the latest rotorcraft products and services and attend industry-specific classes, including the new Export Assistance and Opportunities Ses-

sion sponsored by the Office of Aerospace. This seminar introduces new-to-export or new-to-market companies to the U.S. Department of Commerce (DOC) export services for increasing exports to global markets. These services include trade shows, trade missions, business counseling, trade lead opportunities, industry market reports, and other international business facilitation and marketing activities. There will also be an opportunity for companies to have one-on-one business counseling sessions with DOC industry specialists. For more information contact Sean McAlister at (202) 482-6239 or by e-mail at "Sean_McAlister@ita.doc.gov."

Eastern European Infrastructure Workshop

The American Association of Airport Executives (AAAE) and OA cosponsored the 2000 Central and Eastern Europe/U.S. Aviation Infrastructure and Safety/Security Workshop in November 2000. Seventy U.S. airport and ATC companies, and more than 15 Eastern European countries met to discuss the challenges facing today's airport industry.

Addressing conference delegates, U.S. ambassador to Hungary Peter Tufo said that recent economic developments in Hungary may be compared with the success of business development in the greater Washington, D.C. area, especially the Dulles,

Virginia Information Technology (IT) Corridor. He explained that substantial multinational investment in Hungary has built up the aerospace and IT industries, adding that airlines and airports continue to play a very important role in Hungary's development.

The next aviation infrastructure workshop, the 2001 Latin America-U.S. Aviation Infrastructure and Safety/Security Workshop, will be held March 8-10, 2001, in Rio de Janeiro, Brazil. For more information contact Sean McAlister at (202) 482-6239 or by e-mail at "Sean_McAlister@ita.doc.gov."

THE OFFICE OF

AEROSPACE

*Helping U.S.
aerospace
companies
succeed
overseas in
all of the
following
sub-sectors:*

- Commercial Aircraft
- General & Business Aviation
- Aircraft Parts & Supplies
- Aircraft Maintenance
- Helicopters
- Satellites
- Commercial Space Launches
- Airport Infrastructure
- Ground Support
- Air Traffic Control Systems
- Air Navigation & GPS

Phone:

(202) 482-1228

Fax:

(202) 482-3113

EQUIPAUTO 2001

EquipAuto 2001, Europe's leading exhibition for original equipment and new technology, will be focusing on the technological convergence between the aerospace and automotive sectors during its October 2001 show at Paris-Nord Villepinte, Paris, France. The estimated value of business orders booked by U.S. companies at the

'99 Department of Commerce certified show was nearly \$6 million. For more information about participating October 16-21, 2001, contact Dana Scanlon at International Trade Exhibitions in France, organizers of the U.S. Pavilion. Tel. (888)522-5001 or (703)522-5000; Fax: (703)522-5005; e-mail: dscanlon@promosalons.com.

HUSHKIT REGULATION

The International Trade Administration has taken a very active role in efforts to resolve the dispute over European Union hushkit regulation. The regulation restricts the EU registration and operation of aircraft modified with noise-suppression technology, including aircraft engine hushkits and replacement engines. The United States seeks withdrawal of this regulation, and has entered into a dispute settlement proceeding under Article 84 in the International Civil Aviation Organization (ICAO). The U.S. government and U.S. aerospace industry seek an ICAO determination that the hushkit regulation violates international law and are working to compel EU member states to honor their international obligations related to ICAO noise standards. The ICAO is expected to invite the United States and the EU to begin negotiations in early 2001.

The EU has indicated that withdrawal of the hushkit regulation may be affected by efforts in the ICAO to establish a new global noise standard by Spring 2001 to address noise concerns in Europe, the United States, and other regions of the world..

This issue was raised to the highest levels of the Administration. The State Department prepared the U.S. case for consideration by ICAO, in close coordination with multiple U.S. government agencies. Trade Development/Office of Aerospace staff participated in interagency and bilateral negotiations with the EU on this issue, conducted analysis of the impact of the regulation on the U.S. industry, drafted the first testimony used in Congress by the administration and organized meetings with industry and other agencies to develop the U.S. position.



U.S. Department of Commerce
International Trade Administration
Office of Aerospace, Room 2128
1401 Constitution Avenue, NW
Washington, DC 20230

